

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2021

latest unit price \$4.8323	return since inception (March 2009) 803.08%	return 1 month 2.66%
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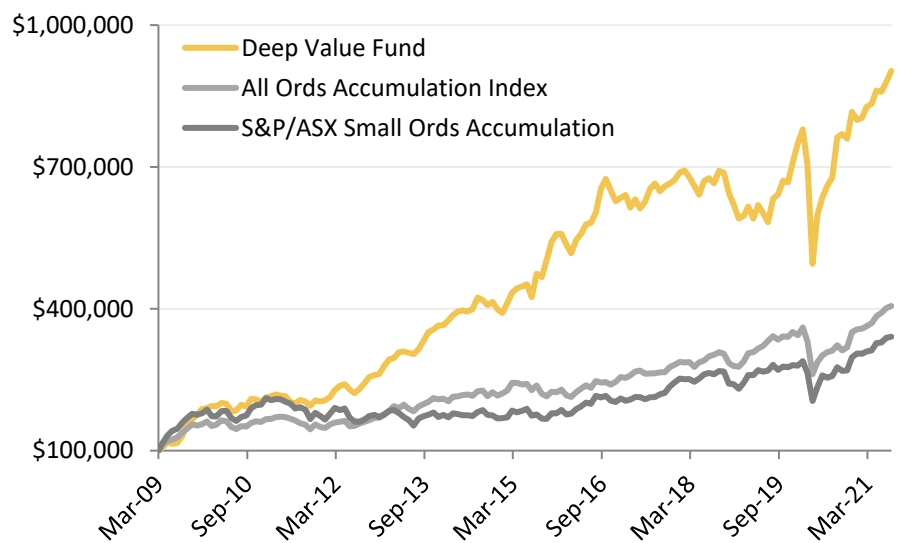
FUND OUTLINE

Fund Manager:

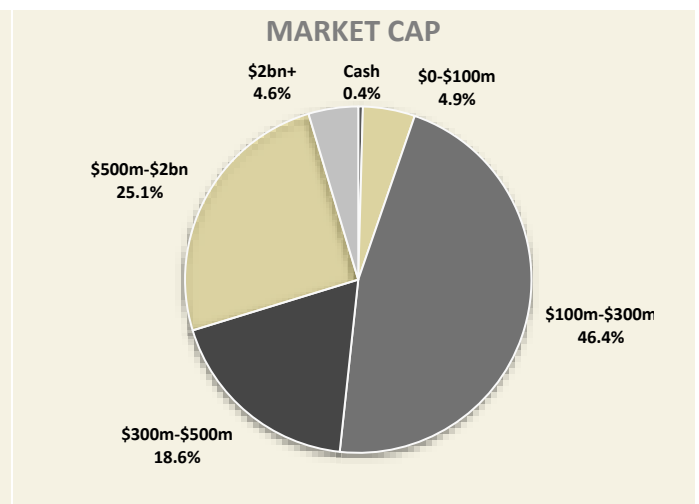
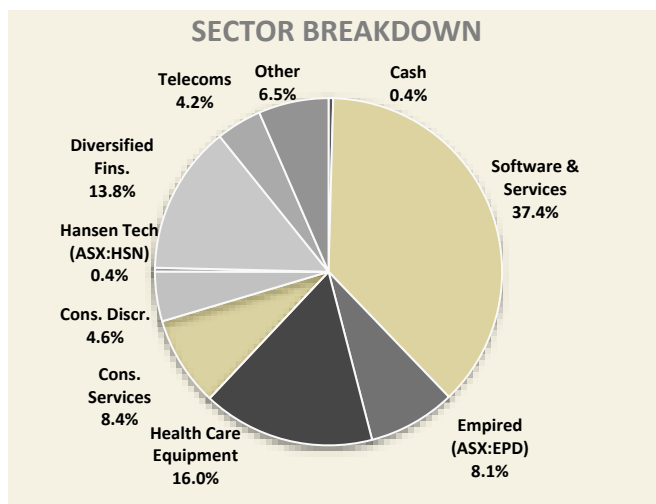
Carlos Gil (CIO)

The Deep Value Fund is a wholesale fund investing in a concentrated portfolio of undervalued, profitable and growing ASX listed microcap and smallcap companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$903,079**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.39%	803.08%	17.44%	15.87%	11.42%	8.39%	10.71%	33.18%	2.66%



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MARKET UPDATE AND COMMENTARY

Australia's citizens are feeling the ill effects of a troubled vaccine rollout with both Victoria and NSW experiencing Covid outbreaks and both states suffering prolonged lockdowns. The lockdowns will dampen the economic recovery that was taking place. Australia's 1QFY22 GDP growth rate will likely be negative however the medium term outlook remains largely unchanged, and we expect the resurging economic trend to resume once the lockdowns are lifted and pent-up demand is once again unleashed. Internationally, the prevailing economic rebound continues despite outbreaks of the Delta variant. The developed economies in the Northern hemisphere of the US, UK, Canada, Germany, Spain, France, and Italy are in much more advanced phases of their vaccine rollout and thus the impact of the Delta strain is unlikely to cause the same type of dislocation as previous waves of the pandemic. The higher level thematic outside of the day-to-day noise of Covid case numbers is that a country that undertakes a large-scale vaccination rollout on its population can go back to a semblance of business as usual. The world economic recovery remains on track.

Microequities Deep Value Fund returned 2.66% in July; this brings the total return net of fees to 803.08% for the Fund since inception in March 2009.

The **takeover announcement** of investee company **Empired Limited (ASX:EPD)** at a **65% premium to the last traded price is an important event for the Fund. Currently Empired represents 8.1% of the total assets of the Fund** but the stake was even higher at the time of the announcement on 19 July. We have sold down slightly as the investment management team looked at capitalising on other present opportunities both inside the Fund and a new investment.

The new investee company in the Deep Value Fund is a business that we have followed for many years but have never invested in. The business is immersed in the transport sector. The addressable market is large, and the business has been growing steadily in the mid-single digits. We believe the business can over coming years capture a significant higher market share through both organic expansion and bolt on acquisitions, the combination of which will provide us with a strong ROI. In addition to this, the investment management team has been bolstering its stakes in several underinvested opportunities within the Fund.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+20.6%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+28.1%

Number of companies	34
Top 5 Holdings % of NAV	38.9%
Top 10 Holdings % of NAV	59.1%
Top 20 Holdings % of NAV	85.5%
Cash Position % of NAV	0.4%

Important information: This information is not intended to be financial advice. Past performance is not indicative of future performance. Microequities Asset Management Pty Ltd is a corporate authorised representative, number 462438, as appointed by Microequities Asset Management Group Limited holder of AFSL number 287526. Application for units in the Fund is limited to investors that are wholesale or sophisticated investors within the meaning of Section 761G(7) and 761GA(7) of the Corporations Act 2001.